

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE
(A Component Unit of Blount County, Tennessee)
Maryville, Tennessee**

FINANCIAL STATEMENTS

June 30, 2009

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
Maryville, Tennessee
June 30, 2009

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**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE
(A Component Unit of Blount County, Tennessee)
Maryville, Tennessee**

INTRODUCTORY SECTION

For the Fiscal Year Ended June 30, 2009

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
Maryville, Tennessee
LIST OF BOARD MEMBERS
For the Fiscal Year Ended June 30, 2009

Board Members:

Chairman	Jeff Hodge
Vice Chairman	Darrell Tipton
Secretary-Treasurer	Kirk Andrews
Assistant Secretary	John Lambert, Jr.



Joe S. Ingram, CPA
Lonas D. Overholt, CPA
Robert L. Bean, CPA

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November 10, 2009

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Public Building Authority of
Blount County, Tennessee
Maryville, Tennessee

We have audited the accompanying financial statements of the governmental activities and each major fund of The Public Building Authority of Blount County, Tennessee, (PBA) (a component unit of Blount County, Tennessee) as of and for the fiscal year ended June 30, 2009, as listed in the Table of Contents. These financial statements are the responsibility of PBA's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of PBA, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information on pages 4 through 5 (Management's Discussion and Analysis) and the other supplemental information on pages 20 through 24 are not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 10, 2009, on our consideration of PBA's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Ingram, Overholt & Bean, P.C.



November 10, 2009

Our discussion and analysis of The Public Building Authority of Blount County, Tennessee's (PBA) (a component unit of Blount County, Tennessee) financial performance provides an overview of the PBA's activities for the year ended June 30, 2009. Please read it in conjunction with the PBA's financial statements as described in the Table of Contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the PBA as a whole and present a long-term view of the PBA's finances.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities report information about the PBA and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the PBA's net assets and changes in them. You can think of the PBA's net assets – the difference between assets and liabilities – as one way to measure the PBA's financial health, or financial position. Over time, increases or decreases in the PBA's net assets are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL HIGHLIGHTS

The operations of The Public Building Authority of Blount County (a component unit of Blount County, Tennessee) are primarily funded by the issuance of Public Facility Bonds which are loaned to other entities, such as Blount County, for public facility projects.

Projects completed in 2009 include: Union Grove Elementary School and Union Grove Middle School.

(Continued)

NET ASSETS

The analysis below focuses on the net assets and changes in net assets of the PBA:

	<u>2009</u>	<u>2008</u>
Current assets	\$ 7,847,268	\$ 13,239,548
Capital assets, net of accumulated depreciation	-	8,537
Long-term assets, net	281,697,530	242,130,000
Other assets	<u>1,583,196</u>	<u>1,534,093</u>
Total Assets	<u>291,127,994</u>	<u>256,912,178</u>
Current liabilities	7,754,865	13,166,613
Non-Current liabilities	<u>281,697,530</u>	<u>242,130,000</u>
Total Liabilities	<u>289,452,395</u>	<u>255,296,613</u>
Net Assets:		
Invested in Capital Assets	-	8,537
Unrestricted	<u>1,675,599</u>	<u>1,607,028</u>
Total Net Assets	<u>\$ 1,675,599</u>	<u>\$ 1,615,565</u>

Net assets of the PBA increased during the current year by \$60,034. Unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations, increased by 4%.

FINANCIAL RATIOS

The ratios of Working Capital and Days Cash demonstrate the continuing ability to finance operations with cash. The following is a related schedule of ratios:

	<u>2009</u>	<u>2008</u>
Working Capital (the amount by which current assets exceed current liabilities)	\$ 92,403	\$ 72,935
Current Ratio (compares current assets to liabilities – as an indicator of the ability to pay current obligations)	221	94

DEBT

At the fiscal year end, the PBA had outstanding bonds totaling \$285,347,530 – all proceeds having been loaned to Blount County, Tennessee and/or component units.

CONTACTING THE PBA

This financial report is designed to provide our citizens with a general view of the PBA's finances and to show the PBA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Blount County Public Building Authority.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –
STATEMENT OF NET ASSETS AND GOVERNMENT FUNDS BALANCE SHEET
June 30, 2009

	Governmental Activities					Statement of Net Assets June 30, 2009
	<u>General</u>	<u>Loan Fund</u>	<u>Bond Fund</u>	<u>Total</u>	<u>Adjustments</u>	
<u>ASSETS</u>						
Current Assets						
Cash and cash equivalents	\$ 92,822	\$ 4,104,446	\$ -	\$ 4,197,268	\$ -	\$ 4,197,268
Receivables	-	3,650,000	-	3,650,000	-	3,650,000
Total Current Assets	<u>92,822</u>	<u>7,754,446</u>	<u>-</u>	<u>7,847,268</u>	<u>-</u>	<u>7,847,268</u>
Non Current Assets:						
Long-term receivables	-	-	-	-	281,697,530 (1)	281,697,530
Other Assets:						
Bond Closing Costs, net of amortization of \$247,559	-	-	-	-	1,583,196 (3)	1,583,196
Total Assets	<u>\$ 92,822</u>	<u>\$ 7,754,446</u>	<u>\$ -</u>	<u>\$ 7,847,268</u>	<u>283,280,726</u>	<u>291,127,994</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts payable	\$ 419	\$ -	\$ -	\$ 419	-	419
Undrawn loan funds	-	4,104,446	-	4,104,446	-	4,104,446
Public Facility Bonds Payable	-	3,650,000	-	3,650,000	-	3,650,000
Total Current Liabilities	<u>419</u>	<u>7,754,446</u>	<u>-</u>	<u>7,754,865</u>	<u>-</u>	<u>7,754,865</u>
Non Current Liabilities:						
Bonds payable	-	-	-	-	(281,697,530) (1)	281,697,530
<u>FUND BALANCE</u>						
Fund Balance	<u>92,403</u>	<u>-</u>	<u>-</u>	<u>92,403</u>	<u>92,403 (2)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 92,822</u>	<u>\$ 7,754,446</u>	<u>\$ -</u>	<u>\$ 7,847,268</u>		
<u>NET ASSETS</u>						
Unrestricted					1,675,599 (2)	1,675,599
Total Net Assets					<u>\$ 1,675,599</u>	<u>\$ 1,675,599</u>

Amounts reported for governmental activities in the Statement of net assets are different because:

- (1) Long-term assets and liabilities are not available for current period revenues and expenditures and therefore are deferred in the funds
- (2) Equity is reported as Net Assets in government-wide financial statements and as fund balance in fund financial statements
- (3) Bond closing costs are expensed in the fund financial statements and capitalized in the statement of net assets.

See accompanying independent auditors' report and notes.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
COMBINED GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES AND GOVERNMENT FUND STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
For the year ended June 30, 2009

	Governmental Activities			Total Governmental		Statement of
	<u>General</u>	<u>Loan Fund</u>	<u>Bond Fund</u>	<u>Funds</u>	<u>Adjustments</u>	<u>Activities</u>
Revenues:						
Interest	\$ 251	\$ 351,936	\$ -	\$ 352,187	\$ -	\$ 352,187
Intergovernmental	<u>84,719</u>	<u>-</u>	<u>-</u>	<u>84,719</u>	<u>-</u>	<u>84,719</u>
Total Revenues	<u>84,970</u>	<u>351,936</u>	<u>-</u>	<u>436,906</u>	<u>-</u>	<u>436,906</u>
Expenditures:						
Administrative	9,929	-	-	9,929	74,510 (4)	84,439
Construction expenses	<u>55,573</u>	<u>-</u>	<u>-</u>	<u>55,573</u>	<u>-</u>	<u>55,573</u>
Total Expenditures	<u>65,502</u>	<u>-</u>	<u>-</u>	<u>65,502</u>	<u>74,510</u>	<u>140,012</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>19,468</u>	<u>351,936</u>	<u>-</u>	<u>371,404</u>	<u>(74,510)</u>	<u>296,984</u>
Other Financing Sources (Uses):						
Bond Proceeds	-	228,107,530	-	228,107,530	(228,107,530) (1)	-
Bond Closing Cost	-	(123,613)	-	(123,613)	123,613 (4)	-
Loans to Blount County, Tennessee	-	(234,728,682)	-	(234,728,682)	234,728,682 (3)	-
Bond Receipts	-	-	2,440,000	2,440,000	(2,440,000) (2)	-
Interest/LOC Receipts	-	-	17,111,184	17,111,184	-	17,111,184
Bond Payments	-	-	(2,440,000)	(2,440,000)	2,440,000 (2)	-
Interest/LOC Payments	-	-	(15,847,499)	(15,847,499)	-	(15,847,499)
Debt Service Agent Fees	-	(82,502)	-	(82,502)	-	(82,502)
Liquidity Fees	-	-	(364,343)	(364,343)	-	(364,343)
Remarketing Fees	-	-	(487,515)	(487,515)	-	(487,515)
TN Loan Program Fees	-	-	(271,174)	(271,174)	-	(271,174)
LOC Fees	-	-	(295,011)	(295,011)	-	(295,011)
Operating Transfers	-	(154,358)	154,358	-	-	-
Prior Years Bond Proceeds	-	<u>6,629,689</u>	<u>-</u>	<u>6,629,689</u>	<u>(6,629,689) (5)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(351,936)</u>	<u>-</u>	<u>(351,936)</u>	<u>115,076</u>	<u>(236,860)</u>
Change in Net Assets	19,468	-	-	19,468	40,566	60,034
Net Assets –July 1	<u>72,935</u>	<u>-</u>	<u>-</u>	<u>72,935</u>	<u>1,542,630</u>	<u>1,615,565</u>
Net Assets – June 30	<u>\$ 92,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,403</u>	<u>\$ 1,583,196</u>	<u>\$ 1,675,599</u>

Amounts reported for governmental activities in the Statement of Activities are different because:

- (1) Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.
- (2) Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.
- (3) Loans are increases in long-term receivables.
- (4) Bond closing costs are amortized over life of the bonds issued – \$74,510.
- (5) Prior years bond proceeds

See accompanying independent auditors' report and notes.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

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**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Public Building Authority of Blount County, Tennessee (PBA), a component unit of Blount County, Tennessee, complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. FINANCIAL REPORTING ENTITY

The Public Building Authority of Blount County, Tennessee, chartered as a Tennessee non-profit corporation (July 1, 1997), is a component unit of Blount County, Tennessee. The County Commission approves all Board members and has financial accountability for the PBA.

The PBA, pursuant to the Public Building Authorities Act of 1971, Title 12, Chapter 10, Tennessee Code Annotated, was organized for the purpose of constructing, acquiring, repairing and renovating public facilities to improve the quality of life, and the health, safety, and welfare of the citizens, and the borrowing of funds and the execution of loan agreements, leases, and interest note swap agreements, with municipal corporations for the purpose of financing any undertaking that is eligible to be financed by bonds, notes, interim certificates or other obligations issued. The PBA has no power to obligate Blount County. The County is entitled to the net earnings of the PBA after provision for all current obligations and future projects of the PBA. The PBA will exist until all loans are repaid.

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the PBA or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
Maryville, Tennessee
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued):

- c. Any fund which government officials believe is important. The PBA considers all funds as major funds.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the PBA and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The PBA accounts for loans made and bonds issued in the loan and bond funds, respectively.

Major Fund

The funds are further classified as follows:

<u>Major Fund:</u>	<u>Brief Description</u>
General	It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
Special Revenue Funds:	
Bond Fund:	It is funded by proceeds of specific revenue sources that are restricted to expenditures for certain purposes.
Loan Fund:	It is funded by proceeds for repaying loans made to other entities and restricted to expenditures for certain purposes.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
Maryville, Tennessee
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, cash includes all demand and money market accounts, of the PBA.

Investments are carried at fair value. Fair value is based on quoted market price.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
Maryville, Tennessee
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

In the fund financial statements, receivables in governmental funds include intergovernmental revenues since they are both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual but not deferred in the government-wide financial statements in accordance with the accrual basis. There were no nonexchange transactions as of June 30, 2009. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed as unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance.

E. REVENUES, EXPENDITURES, AND EXPENSES

Revenues and Expenses

Revenues and expenses include all items not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
Maryville, Tennessee
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. BUDGETARY ACCOUNTING

Budgets and resolutions are approved when bond and loan documents are approved. The bond and loans are pass-thrus to the various entities borrowing monies.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local governmental component unit, the PBA is subject to various federal, state, and local laws and contractual regulations. An analysis of the PBA's compliance with significant laws and regulations and demonstration of its stewardship over the PBA resources follows:

A. FUND ACCOUNTING REQUIREMENTS

The PBA complies with all state and local laws and regulations requiring the use of separate funds. There are no legally required funds used by the PBA.

B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all deposits of municipal funds in financial institutions must be federally insured or secured with acceptable collateral.

C. FUND BALANCE RESTRICTIONS

Deficit Prohibition

State of Tennessee Statutes prohibits the creation of a deficit fund balance in any individual fund. The PBA complied with this statute in all material respects for the year ended June 30, 2009.

NOTE 3. CASH AND INVESTMENTS

Cash – All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public funds accounts for the State of Tennessee and its political subdivisions.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
Maryville, Tennessee
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 3. CASH AND INVESTMENTS (Continued)

Investments – The PBA is authorized to make investments in bonds, notes or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government. Cash in excess of current requirements is on deposit with a financial institution in obligations guaranteed by the U.S. Government. Cash and cash equivalents consist of demand deposits and obligations of the U.S. Treasury with an original maturity of 90 days or less. At June 30, 2009, cash and cash equivalents amounted to \$4,197,268.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in Treasury notes are securities that are held by the Authority's agent.

Interest Rate Risk – The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses from increasing interest rate risks. However, a substantial portion of the investments have maturity dates of ninety (90) days thus limiting its exposure to this type of risk.

Credit Risk – The Authority has no limit on the amount it may invest in any one issuer. More than 99% of the Authority's cash and cash equivalents are invested in commercial paper (Treasury notes) that has various maturity dates of ninety (90) days or less.

NOTE 4. GENERAL LONG-TERM DEBT/BONDS PAYABLE/LOAN AGREEMENT

A summary of bond transactions of the Authority for the period from July 1, 2008 through June 30, 2009 is as follows:

	<u>Public Facility Bonds</u>
Debt payable July 1, 2008	\$ 244,570,000
Issued during the period	228,107,530
Debt retired in prior year	(87,730,000)
Debt retired in current year	<u>(99,600,000)</u>
Debt Payable - June 30, 2009	\$ <u>285,347,530</u>

(Continued)

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 4. GENERAL LONG-TERM DEBT/BONDS PAYABLE/LOAN AGREEMENT (Continued)

Bonds payable at June 30, 2009 are comprised of the following issues:

<u>Public Facility Bonds</u>	<u>Amount Outstanding</u>
\$4,100,000 – 2000 Public Facility Bonds due in installments of \$200,000 to \$400,000 through December 1, 2015, interest (variable estimated at 6%.	\$ 2,300,000
\$2,006,115 – 2008 Local Government Improvement Bonds due in installments of \$85,000 beginning June 2010 through June 2030 at \$225,000. Average interest at 4.35%.	2,006,115
\$2,000,000 – 2006 Local Government Improvement Bonds due in installments ranging from \$100,000 to \$200,000 payable June 2008 through June 2021; interest at 5.982%	1,800,000
\$32,145,000 – 2008 Local Government Improvement Bonds due in installments ranging from \$3,600,000 to \$500,000 payable June 2010 through June 2037; interest payable semi-annual rates ranging from 3% to 5%. (Average interest rate 4.54%).	32,145,000
\$50,500,000 – 2008 Local Government Improvement Bonds due in installments ranging from \$1,000,000 to \$8,500,000 payable June 2024 through June 2037, interest payable annually at 5%.	50,500,000
\$20,165,000 – 2008 Local Government (Series E-3-B) Improvement Bonds due in installments of \$7,500,000 and \$12,665,000 in 2030 and 2031 respectively. Interest payable annually at 5.0%.	20,165,000
\$30,830,000 – 2008 Local Government (Series E-5-A) Improvement Bonds due in installments ranging from \$370,000 to \$920,000 payable June 2010 through June 2030. Interest payable annually at 4.31%.	30,830,000
\$95,045,000 – 2008 Local Government (Series E-5-A) Bonds (Hospital) due in installments ranging from \$1,380,000 to \$8,425,000 payable June 2010 through June 2029. Interest payable annually at 4.89%.	95,045,000
\$50,925,000 Local Government (Series B-18-A) Improvement Bonds due in installments of \$50,000 payable June 2010, \$46,625,000 payable June 2011, and payables ranging from \$200,000 in June 2012 to June 2019 of \$900,000. Interest payable annually at 7.02%. Payable annually at 7.02%.	50,925,000
Less undrawn commitment	<u>(368,585)</u>
Total Bonds Outstanding	<u>\$ 285,347,530</u>

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 4. GENERAL LONG-TERM DEBT/BONDS PAYABLE/LOAN AGREEMENT (Continued)

The annual requirements to amortize all bonds outstanding as of June 30, 2009, including interest payments are \$337,584,891 as follows:

Year Ending June 30 th	Blount County and Hospital Total Bond and Interest Requirement	TOTAL	
		Bond	Interest
2010	\$ 18,789,187	\$ 3,650,000	\$ 15,139,187
2011	65,314,543	50,335,000	14,979,543
2012	15,239,340	4,155,000	11,084,340
2013	15,211,345	4,310,000	10,901,345
2014	16,766,711	6,060,000	10,706,711
Subtotal	<u>131,321,126</u>	<u>68,510,000</u>	<u>62,811,126</u>
2015	16,880,628	6,450,000	10,430,628
2016	16,892,227	6,755,000	10,137,227
2017	15,481,102	5,640,000	9,841,102
2018	14,712,193	5,145,000	9,567,193
2019	14,515,153	5,205,000	9,310,153
Subtotal	<u>78,481,303</u>	<u>29,195,000</u>	<u>49,286,303</u>
2020	13,564,218	4,515,000	9,049,218
2021	14,827,951	6,010,000	8,817,951
2022	14,831,888	6,320,000	8,511,888
2023	15,843,013	7,640,000	8,203,013
2024	23,068,713	15,190,000	7,878,713
Subtotal	<u>82,135,783</u>	<u>39,675,000</u>	<u>42,460,783</u>
2025	23,052,600	15,870,000	7,182,600
2026	22,775,320	16,386,115	6,389,205
2027	22,667,025	17,055,000	5,612,025
2028	21,735,125	16,895,000	4,840,125
2029	16,414,437	12,355,000	4,059,437
Subtotal	<u>106,644,507</u>	<u>78,561,115</u>	<u>28,083,392</u>
2030	12,081,749	8,610,000	3,471,749
2031	15,715,749	12,665,000	3,050,749
2032	9,517,500	7,100,000	2,417,500
2033	9,613,750	7,550,000	2,063,750
2034	9,587,500	7,900,000	1,687,500
Subtotal	<u>56,516,248</u>	<u>43,825,000</u>	<u>12,691,248</u>
2035	9,543,750	8,250,000	1,293,750
2036	9,532,500	8,650,000	882,500
2037	9,501,250	9,050,000	451,250
Subtotal	<u>28,577,500</u>	<u>25,950,000</u>	<u>2,627,500</u>
Less Unfunded	<u>(368,585)</u>	<u>(368,585)</u>	<u>-</u>
Totals	<u>\$ 483,307,882</u>	<u>\$ 285,347,530</u>	<u>\$ 197,960,352</u>

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 4. GENERAL LONG-TERM DEBT/BONDS PAYABLE/LOAN AGREEMENT (Continued)

All of the Public Facility Bond issues were loaned to Blount County, Tennessee and/or component units in separate loan agreements dated from 1997 through 2009. The proceeds are to be used to finance (1) construction and equipping of school buildings and facilities in and for Blount County and construction of improvements to and equipping of existing school buildings and facilities, including the acquisition of land and interests in land, and the payment of funds to the City of Maryville and the City of Alcoa to be used for capital improvements to educational facilities of the Maryville school system and the Alcoa school system, respectively, (2) acquisition of land and interests in land for and the construction and equipping of library buildings and facilities in and for Blount County, (3) reimbursement to Blount County for funds spent for said projects from available funds of Blount County, and (4) the payment of legal, fiscal, administrative and engineering costs incident thereto and incident to the issuance of the Bonds. Thus, Blount County is obligated for the above annual principal and interest payments for the Public Facility Bonds. See Notes 8 and 9 for Local Government Public Improvement Bonds Issued and Conduit Debt.

NOTE 5. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts, theft of assets, errors and omissions, and natural disasters. Commercial insurance for the risks of losses to which the entity is exposed are provided through policies issued jointly with Blount County, Tennessee. For the year ended June 30, 2009, no insurance claims are pending or payable. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three (3) fiscal years.

NOTE 6. AGREEMENTS AND CONTRACTURAL OBLIGATIONS

Special Revenue Funds:

During the years ended June 30, 1998 through June 30, 2009, the PBA entered into eighteen loan agreements with Blount County, Tennessee, whereby PBA has issued revenue bonds amounting to \$453,466,115 as listed below. The proceeds were loaned to Blount County and component units for various capital projects. The bond issued and loans drawn by Blount County, Tennessee and Blount Memorial Hospital (component unit) as of June 30, 2009 are as follows:

Bond Issue <u>Amount</u>	Loaned to <u>Blount County, Tn</u>	Outstanding <u>Balance 6/30/09</u>
\$ 39,000,000	\$ 39,000,000	\$ -
20,000,000	20,000,000	-
4,100,000	4,100,000	2,300,000
10,000,000	10,000,000	-
9,100,000	9,100,000	-
10,000,000	10,000,000	-
14,000,000	14,000,000	-
13,650,000	13,650,000	-
35,000,000	35,000,000	-

(Continued)

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 6. AGREEMENTS AND CONTRACTURAL OBLIGATIONS (Continued)

Special Revenue Funds (Continued):

Bond Issue <u>Amount</u>	Loaned to <u>Blount County, Tn</u>	Outstanding <u>Balance 6/30/09</u>
2,000,000	2,000,000	1,800,000
15,000,000	15,000,000	-
50,500,000	50,500,000	50,500,000
20,165,000	20,165,000	20,165,000
30,830,000	30,830,000	30,830,000
95,045,000 (hospital)	95,045,000	95,045,000
50,925,000	50,925,000	50,925,000
32,145,000	32,145,000	32,145,000
<u>2,006,115</u>	<u>1,637,530</u>	<u>1,637,530</u>
<u>\$ 453,466,115</u>	<u>\$ 453,097,530</u>	<u>\$ 285,347,530</u>

General Fund:

During the year ended June 30, 2009, two projects were completed. The school projects (Union Grove Elementary and Union Grove Middle) completed were funded by the Blount County Board of Education under supervision of the PBA.

Expenditures were as follows during the fiscal year ended June 30, 2009:

Construction:

West Side Elementary and Middle Schools
(Union Grove)

\$ 55,573

Administration:

Salaries and payroll taxes

\$ 6,894

Other Administrative Expense

3,145

Total Administration

\$ 9,929

NOTE 7. LITIGATION

Information provided by the attorney for the Authority indicates there are no potential claims or litigation pending against the Authority.

NOTE 8. LOCAL GOVERNMENT PUBLIC IMPROVEMENT BONDS

The Public Building Authority of Blount County, Tennessee approved a resolution authorizing the issuance and sale of Local Government Improvement Bonds of the Authority. Cumberland Securities, Division of Morgan Keegan & Co., Knoxville, TN, will purchase each Series of Bonds authorized by this

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 8. LOCAL GOVERNMENT PUBLIC IMPROVEMENT BONDS

resolution. Management and administration of the bonds will be by TN-LOANS Program Administrators, Knoxville, TN. Regions Bank was confirmed as Trustee for the Loan Program. Bonds totaling \$1,752,430,000 have been issued on behalf of the following entities: Cities of Oak Ridge, Knoxville, Fayetteville, Hendersonville, Alcoa, Etowah, Greenville, Lexington, Maryville, Winchester, Johnson City, Morristown, Cleveland, Mt. Juliet, Sevierville, Erwin, and Red Bank; Counties of Blount, Roane, Claiborne, Jefferson, Monroe, Coffee, Hamblen, Morgan, Warren, Greene, Campbell, Washington, Cocke, Cumberland, Loudon, Hawkins, White, Bradley, and Johnson; Cleveland Utilities Board, Hamblen (MHH), and Blount County Industrial Development Board.

NOTE 9. CONDUIT DEBT/FUNDS HELD BY TRUSTEE

The Public Building Authority has issued conduit debt (Note 8) to provide capital financing for specified third parties that is not a part of the Public Building Authority's financial reporting entity. The Authority has issued bonds totaling \$1,752,430,000 to other governmental entities (Note 8) as of June 30, 2009. The proceeds of the bonds are used to make loans to governmental entities in the State of Tennessee possessing general powers of taxation to finance public facility projects. The proceeds are loaned pursuant to a loan agreement, whereas the borrower pledges revenues and receipts therefrom, which are pledged by the Authority to the Bond Trustee. The Authority has no obligation for the issued debt beyond the resources provided by related loan agreements.

NOTE 10. CAPITAL ASSETS

Schedule of changes in Capital Assets:

	<u>Balance 6-30-2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6-30-2009</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 15,523	\$ _____	\$ (15,523)	\$ _____ -	\$ _____ -	\$ _____ -

All equipment and a vehicle were transferred to Blount County during the year ended June 30, 2009.

NOTE 11. BOND ISSUE COSTS/AMORTIZATION

Bond issue costs incurred are being amortized over the life of the bond issues. Costs amounting to \$500,325, \$94,156, \$476,825, \$185,200, and \$450,636 and \$123,613 are being amortized over the applicable life of the bond issues. Amortization expense amounted to \$74,510 for the year ended June 30, 2009.

NOTE 12. PAYROLL AND PERSONNEL

Salaries and benefits for PBA personnel (through the completion of the Union Grove Schools) totaled \$6,784 for the year ended June 30, 2009. The PBA currently operates with a Board of Directors (non-salaried).

OTHER SUPPLEMENTAL INFORMATION

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
SCHEDULE OF BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR
June 30, 2009

Fiscal Year Ending June 30.	Blount County and Hospital Total Bond and Interest Requirement	Blount County		
		Total Bond and Interest Requirement	Bond	Interest
2010	\$ 18,789,187	\$ 12,733,687	\$ 2,270,000	\$ 10,463,687
2011	65,314,543	59,253,043	48,880,000	10,373,043
2012	15,239,340	9,200,590	2,650,000	6,550,590
2013	15,211,345	9,172,845	2,730,000	6,442,845
2014	<u>16,766,711</u>	<u>9,187,211</u>	<u>2,860,000</u>	<u>6,327,211</u>
Subtotal	<u>131,321,126</u>	<u>99,547,376</u>	<u>59,390,000</u>	<u>40,157,376</u>
2015	16,880,628	9,286,128	3,075,000	6,211,128
2016	16,892,227	9,316,477	3,230,000	6,086,477
2017	15,481,102	7,906,602	1,940,000	5,966,602
2018	14,712,193	7,147,693	1,270,000	5,877,693
2019	<u>14,515,153</u>	<u>6,944,403</u>	<u>1,130,000</u>	<u>5,814,403</u>
Subtotal	<u>78,481,303</u>	<u>40,601,303</u>	<u>10,645,000</u>	<u>29,956,303</u>
2020	13,564,218	5,997,218	240,000	5,757,218
2021	14,827,951	5,999,701	260,000	5,739,701
2022	14,831,888	5,991,138	270,000	5,721,138
2023	15,843,013	7,004,763	1,290,000	5,714,763
2024	<u>23,068,713</u>	<u>14,297,963</u>	<u>8,590,000</u>	<u>5,707,963</u>
Subtotal	<u>82,135,783</u>	<u>39,290,783</u>	<u>10,650,000</u>	<u>28,640,783</u>
2025	23,052,600	14,256,600	8,920,000	5,336,600
2026	22,775,320	13,971,320	9,086,115	4,885,205
2027	22,667,025	13,872,275	9,405,000	4,467,275
2028	21,735,125	12,928,750	8,870,000	4,058,750
2029	<u>16,414,437</u>	<u>7,589,249</u>	<u>3,930,000</u>	<u>3,659,249</u>
Subtotal	<u>106,644,507</u>	<u>62,618,194</u>	<u>40,211,115</u>	<u>22,407,079</u>
2030	12,081,749	12,081,749	8,610,000	3,471,750
2031	15,715,749	15,715,749	12,665,000	3,050,749
2032	9,517,500	9,517,500	7,100,000	2,417,500
2033	9,613,750	9,613,750	7,550,000	2,063,750
2034	<u>9,587,500</u>	<u>9,587,500</u>	<u>7,900,000</u>	<u>1,687,500</u>
Subtotal	<u>56,516,248</u>	<u>56,516,248</u>	<u>43,825,000</u>	<u>12,691,248</u>
2035	9,543,750	9,543,750	8,250,000	1,293,750
2036	9,532,500	9,532,500	8,650,000	882,500
2037	<u>9,501,250</u>	<u>9,501,250</u>	<u>9,050,000</u>	<u>451,250</u>
Subtotal	<u>28,577,500</u>	<u>28,577,500</u>	<u>25,950,000</u>	<u>2,627,500</u>
Less Unfunded Commitment	<u>(368,585)</u>	<u>(368,585)</u>	<u>(368,585)</u>	<u>-</u>
TOTALS	<u>\$ 483,307,882</u>	<u>\$ 326,782,819</u>	<u>\$ 190,302,530</u>	<u>\$ 136,480,289</u>

See accompanying independent auditors' report and notes.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
SCHEDULE OF BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR
June 30, 2009

Fiscal Year Ending June 30,	Blount Memorial Hospital				
	Hospital Total Bond and Interest Requirement	Local Government Public Improvement Bonds (Hospital Portion) Series E-5-A 2008		Public Facility Improvement Bonds Series 2000	
		Bond	Interest	Bond	Interest
2010	\$ 6,055,500	\$ 1,380,000	\$ 4,675,500	\$ 300,000	\$ 117,000
2011	6,061,500	1,455,000	4,606,500	300,000	99,000
2012	6,038,750	1,505,000	4,533,750	300,000	81,000
2013	6,038,500	1,580,000	4,458,500	300,000	63,000
2014	7,579,500	3,200,000	4,379,500	300,000	45,000
Subtotal	31,773,750	9,120,000	22,653,750	1,500,000	405,000
2015	7,594,500	3,375,000	4,219,500	400,000	24,000
2016	7,575,750	3,525,000	4,050,750	400,000	6,000
2017	7,574,500	3,700,000	3,874,500	-	-
2018	7,564,500	3,875,000	3,689,500	-	-
2019	7,570,750	4,075,000	3,495,750	-	-
Subtotal	37,880,000	18,550,000	19,330,000	800,000	30,000
2020	7,567,000	4,275,000	3,292,000	-	-
2021	8,828,250	5,750,000	3,078,250	-	-
2022	8,840,750	6,050,000	2,790,750	-	-
2023	8,838,250	6,350,000	2,488,250	-	-
2024	8,770,750	6,600,000	2,170,750	-	-
Subtotal	42,845,000	29,025,000	13,820,000	-	-
2025	8,796,000	6,950,000	1,846,000	-	-
2026	8,804,000	7,300,000	1,504,000	-	-
2027	8,794,750	7,650,000	1,144,750	-	-
2028	8,806,375	8,025,000	781,375	-	-
2029	8,825,188	8,425,000	400,188	-	-
Subtotal	44,026,313	38,350,000	5,676,313	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
Subtotal	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
2037	-	-	-	-	-
Subtotal	-	-	-	-	-
Less Unfunded Commitment	-	-	-	-	-
TOTALS	\$ 156,525,063	\$ 95,045,000	\$ 61,580,063	\$ 2,300,000	\$ 435,000

See accompanying independent auditors' report and notes.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
SCHEDULE OF BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR (CONTINUED)
June 30, 2009

	Public Improvement Bonds B-16-A 2008		Industrial Park Public Improvement Bonds B-17-A 2008		Local Government Public Improvement Bonds	
	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
2010	\$ 1,465,000	\$ 1,342,062	\$ 85,000	\$ 125,525	\$ -	\$ 106,475
2011	1,495,000	1,298,112	90,000	122,763	-	100,543
2012	1,660,000	1,249,525	95,000	119,838	-	94,102
2013	1,640,000	1,195,575	95,000	116,513	-	87,382
2014	<u>1,985,000</u>	<u>1,138,175</u>	<u>100,000</u>	<u>113,188</u>	<u>-</u>	<u>79,973</u>
Subtotal	<u>8,245,000</u>	<u>6,223,449</u>	<u>465,000</u>	<u>597,827</u>	<u>-</u>	<u>468,475</u>
2015	1,950,000	1,073,662	105,000	109,688	-	72,278
2016	2,095,000	1,002,787	115,000	105,750	-	63,940
2017	1,100,000	929,462	120,000	101,150	-	55,240
2018	-	885,463	125,000	96,350	100,000	45,880
2019	<u>-</u>	<u>885,463</u>	<u>130,000</u>	<u>91,350</u>	<u>100,000</u>	<u>35,340</u>
Subtotal	<u>5,145,000</u>	<u>4,776,837</u>	<u>595,000</u>	<u>504,288</u>	<u>200,000</u>	<u>272,678</u>
2020	-	885,463	135,000	85,825	105,000	24,180
2021	-	885,463	145,000	80,088	115,000	12,400
2022	-	885,463	150,000	73,925	120,000	-
2023	-	885,463	160,000	67,550	130,000	-
2024	<u>3,290,000</u>	<u>885,463</u>	<u>165,000</u>	<u>60,750</u>	<u>135,000</u>	<u>-</u>
Subtotal	<u>3,290,000</u>	<u>4,427,315</u>	<u>755,000</u>	<u>368,138</u>	<u>605,000</u>	<u>36,580</u>
2025	3,600,000	741,525	175,000	53,325	145,000	-
2026	3,920,000	561,525	16,115	1,930	150,000	-
2027	4,745,000	365,525	-	-	160,000	-
2028	200,000	152,000	-	-	170,000	-
2029	<u>-</u>	<u>142,500</u>	<u>-</u>	<u>-</u>	<u>180,000</u>	<u>-</u>
Subtotal	<u>12,465,000</u>	<u>1,963,075</u>	<u>191,115</u>	<u>55,255</u>	<u>805,000</u>	<u>-</u>
2030	-	142,500	-	-	190,000	-
2031	-	142,500	-	-	-	-
2032	500,000	142,500	-	-	-	-
2033	500,000	118,750	-	-	-	-
2034	<u>500,000</u>	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,500,000</u>	<u>641,250</u>	<u>-</u>	<u>-</u>	<u>190,000</u>	<u>-</u>
2035	500,000	71,250	-	-	-	-
2036	500,000	47,500	-	-	-	-
2037	<u>500,000</u>	<u>23,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,500,000</u>	<u>142,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 32,145,000</u>	<u>\$ 18,174,426</u>	<u>\$ 2,006,115</u>	<u>\$ 1,525,508</u>	<u>\$ 1,800,000</u>	<u>\$ 777,733</u>

See accompanying independent auditors' report and notes.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
SCHEDULE OF BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR (CONTINUED)

June 30, 2009

Fiscal Year	Local Government Public Improvement Bonds Series 2008		Local Government Public Improvement Bonds Series E-3-B 2008	
	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
<u>June 30,</u>				
2010	\$ -	\$ 2,525,000	\$ -	\$ 1,008,250
2011	-	2,525,000	-	1,008,250
2012	-	2,525,000	-	1,008,250
2013	-	2,525,000	-	1,008,250
2014	-	2,525,000	-	1,008,250
Subtotal	-	12,625,000	-	5,041,250
2015	-	2,525,000	-	1,008,250
2016	-	2,525,000	-	1,008,250
2017	-	2,525,000	-	1,008,250
2018	-	2,525,000	-	1,008,250
2019	-	2,525,000	-	1,008,250
Subtotal	-	12,625,000	-	5,041,250
2020	-	2,525,000	-	1,008,250
2021	-	2,525,000	-	1,008,250
2022	-	2,525,000	-	1,008,250
2023	1,000,000	2,525,000	-	1,008,250
2024	1,000,000	2,525,000	-	1,008,250
Subtotal	2,000,000	12,625,000	-	5,041,250
2025	1,000,000	2,475,000	-	1,008,250
2026	1,000,000	2,425,000	-	1,008,250
2027	1,000,000	2,375,000	-	1,008,250
2028	-	2,325,000	-	1,008,250
2029	-	2,275,000	-	1,008,250
Subtotal	3,000,000	11,875,000	-	5,041,250
2030	-	2,275,000	7,500,000	1,008,250
2031	-	2,275,000	12,665,000	633,249
2032	6,600,000	2,275,000	-	-
2033	7,050,000	1,945,000	-	-
2034	7,400,000	1,592,500	-	-
Subtotal	21,050,000	10,362,500	20,165,000	1,641,499
2035	7,750,000	1,222,500	-	-
2036	8,150,000	835,000	-	-
2037	8,550,000	427,500	-	-
Subtotal	24,450,000	2,485,000	-	-
TOTALS	\$50,500,000	\$ 62,597,500	\$ 20,165,000	\$ 21,806,499

See accompanying independent auditors' report and notes.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
SCHEDULE OF BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR (CONTINUED)
June 30, 2009

Fiscal Year Ending June 30,	Local Government Public Improvement Bonds (Blount County Portion) <u>Series E-5-A 2008</u>		Local Government Public Improvement Bonds <u>Series B-18-A 2009</u>	
	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
2010	\$ 370,000	\$ 1,336,500	\$ 50,000	\$ 3,902,875
2011	370,000	1,318,000	46,625,000	3,901,375
2012	395,000	1,299,500	200,000	173,375
2013	395,000	1,279,750	300,000	167,375
2014	<u>125,000</u>	<u>1,260,000</u>	<u>350,000</u>	<u>157,625</u>
Subtotal	<u>1,655,000</u>	<u>6,493,750</u>	<u>47,525,000</u>	<u>8,302,625</u>
2015	120,000	1,253,750	500,000	144,500
2016	120,000	1,247,750	500,000	127,000
2017	120,000	1,241,750	600,000	105,750
2018	145,000	1,235,750	900,000	81,000
2019	<u>-</u>	<u>1,228,500</u>	<u>900,000</u>	<u>40,500</u>
Subtotal	<u>505,000</u>	<u>6,207,500</u>	<u>3,400,000</u>	<u>498,750</u>
2020	-	1,228,500	-	-
2021	-	1,228,500	-	-
2022	-	1,228,500	-	-
2023	-	1,228,500	-	-
2024	<u>4,000,000</u>	<u>1,228,500</u>	<u>-</u>	<u>-</u>
Subtotal	<u>4,000,000</u>	<u>6,142,500</u>	<u>-</u>	<u>-</u>
2025	4,000,000	1,058,500	-	-
2026	4,000,000	888,500	-	-
2027	3,500,000	718,500	-	-
2028	8,500,000	573,500	-	-
2029	<u>3,750,000</u>	<u>233,499</u>	<u>-</u>	<u>-</u>
Subtotal	<u>23,750,000</u>	<u>3,472,499</u>	<u>-</u>	<u>-</u>
2030	920,000	45,999	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>920,000</u>	<u>45,999</u>	<u>-</u>	<u>-</u>
2035	-	-	-	-
2036	-	-	-	-
2037	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less Unfunded Commitments	<u>-</u>	<u>-</u>	<u>(368,585)</u>	<u>-</u>
TOTALS	<u>\$ 30,830,000</u>	<u>\$ 22,362,248</u>	<u>\$ 50,556,415</u>	<u>\$ 8,801,375</u>

See accompanying independent auditors' report and notes.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE
(A Component Unit of Blount County, Tennessee)
Maryville, Tennessee**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

June 30, 2009



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November 10, 2009

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
The Public Building Authority
of Blount County, Tennessee
Maryville, Tennessee

We have audited the financial statements of the governmental activities and each major fund of The Public Building Authority of Blount County, Tennessee, (a component unit of Blount County, Tennessee), as of and for the year ended June 30, 2009, which collectively comprise The Public Building Authority of Blount County, Tennessee's basic financial statements and have issued our report thereon dated November 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Public Building Authority of Blount County, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Public Building Authority of Blount County, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Public Building Authority of Blount County, Tennessee's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect The Public Building Authority of Blount County, Tennessee's ability to initiate, authorize, record, process, or report financial data reliably in

accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of The Public Building Authority of Blount County, Tennessee's financial statements that is more than inconsequential will not be prevented or detected by The Public Building Authority of Blount County, Tennessee's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by The Public Building Authority of Blount County, Tennessee's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Public Building Authority of Blount County Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended solely for the information and use of the PBA Board of Directors, Blount County, Tennessee, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Ingram, Overholt & Bean, P.C.

**THE PUBLIC BUILDING AUTHORITY
OF BLOUNT COUNTY, TENNESSEE**
Maryville, Tennessee
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND DISPOSITION OF PRIOR YEAR FINDINGS**
For the Fiscal Year Ended June 30, 2009

Prior Year Findings Cleared:

08-1 Budgets: Expenditures exceeding Budget